



THE INDEPENDENT EVALUATION OF THE GREEN CLIMATE FUND'S ACCREDITATION FUNCTION

AIMS OF THE SYNTHESIS

In 2020, the Independent Evaluation Unit (IEU) of the Green Climate Fund (GCF) undertook a synthesis of the GCF's accreditation function¹ as part of its 2020 work plan, which was approved by the GCF Board at its twenty-fourth meeting.

The Synthesis Study examined existing evidence on accreditation. The aims of this study were to (a) collect all relevant documents produced by the GCF Secretariat, IEU and external stakeholders; (b) critically appraise those documents, and (c) synthesize high-quality evidence into knowledge and lessons learned. The desk-based study was informed by interviews and the IEU DataLab.

WHAT IS ACCREDITATION?

Accreditation is central to the business model of GCF. The GCF's Governing Instrument states that GCF resources will be accessed through national, regional

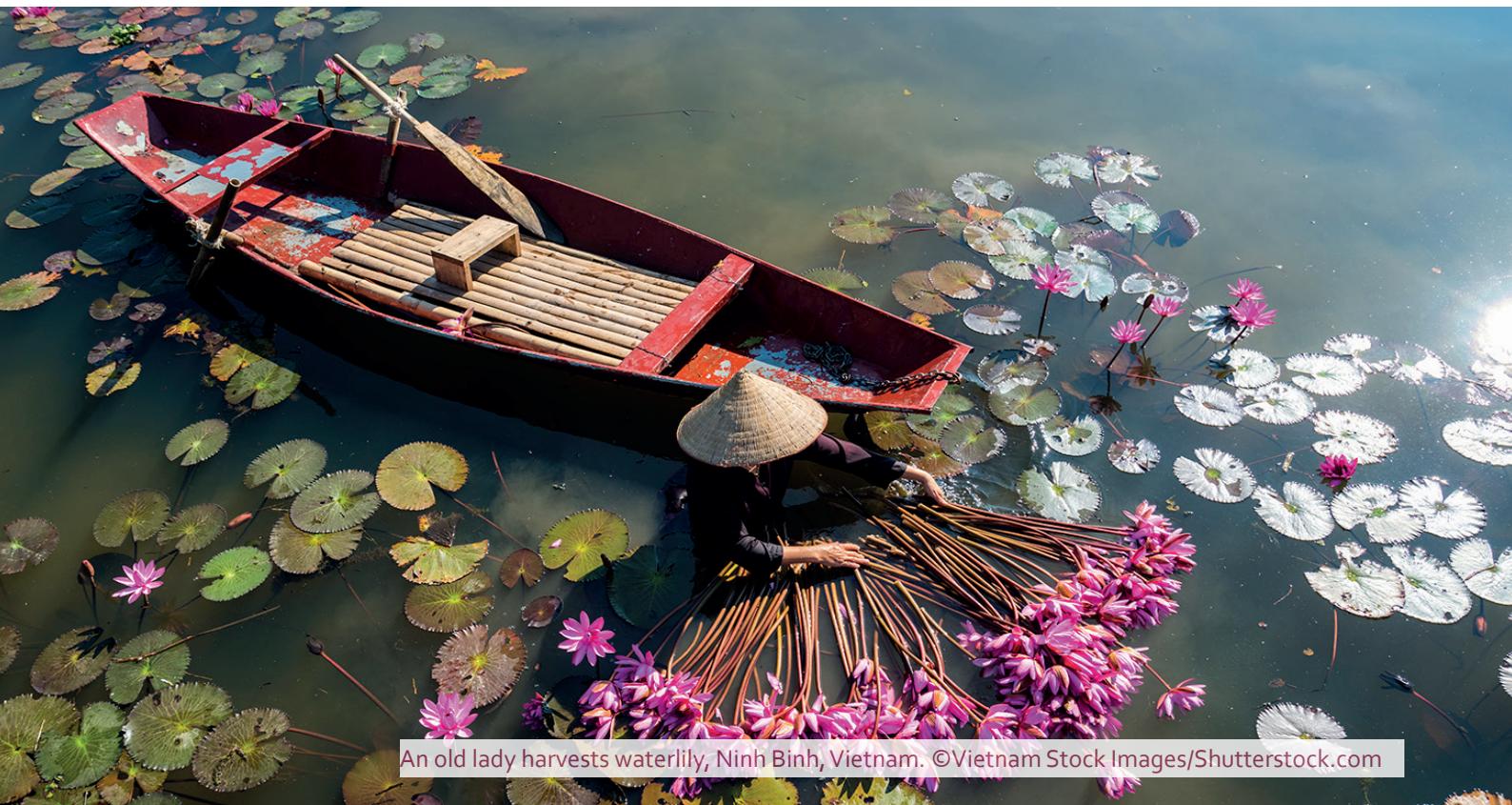
and international entities accredited by the Board. The Governing Instrument also states that recipient countries will determine the mode of access, and that both International Access Entities (IAEs) and Direct Access Entities (DAEs) may be used simultaneously and that the GCF Board will develop, manage and oversee an accreditation process, based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards.

OVERALL FINDINGS

1. Is there a policy or strategy for accreditation? How is the accreditation function governed and operationalized?

1a. The Governing Instrument requests the Board to develop, manage and oversee the accreditation process, based on criteria that reflect the Fund's fiduciary principles and standards, and environmental

¹ Eussner, Ansgar, David Huang, Jyotsna Puri, Archi Rastogi, Asha Warsame, and Temurbek Zokirov (2020). *Independent synthesis of the Green Climate Fund's accreditation function. Evaluation Report No. 6, June 2020. Independent Evaluation Unit, Green Climate Fund. Songdo, South Korea.*



An old lady harvests waterlily, Ninh Binh, Vietnam. ©Vietnam Stock Images/Shutterstock.com

and social safeguards.

1b. Entities accredited by the Board are responsible for delivering financial resources to developing countries, along with design, delivery, management, implementation, supervision, oversight and evaluation, while meeting GCF standards and safeguards.

1c. The Accreditation Committee established by the Board has not been fully effective. In particular, the Committee has been unable to deliver on several parts of the Board-approved TORs, especially on the provision of policy guidance to the Accreditation Panel and facilitation of engagement with recipient countries.

1d. The Accreditation Panel interacts primarily with the Secretariat and has little interaction with the Board. The Panel does not review the alignment of applicants with GCF strategic priorities and does not have any line of sight of the overall AE portfolio mix and size.

1e. The Office of the Executive Director of the GCF Secretariat is responsible for managing and executing the accreditation process and function. The **accreditation process is undertaken by two full-time equivalent employees**; this is a low human resource for an important and multi-faceted GCF function.

1f. Although the design and implementation of accreditation were based on the experience of other multilateral agencies, the GCF's mandate is unique. GCF is the only climate fund with direct access as a mandate and no limit on the number of AEs.

1g. The GCF does not have a strategy for accreditation. A draft strategy was discussed at B.14 and not adopted. In the absence of such a strategy, accreditation has suffered from mission overload and has encountered widespread criticism on its inability to meet the (very diverse) set of aims that are attached to it.

1h. Many assumptions in the implementation of the accreditation function are not supported by evidence, such as AEs will move towards aligning their portfolios with the GCF's mandate; more AEs will mean a greater diversity of entities applying for and receiving resources from the GCF; and DAEs and the private sector will be encouraged to work with the GCF.

2. How efficient is the process for accreditation? What are some of the challenges in the process?

2a. The GCF undertakes accreditation through a

three-stage process, which includes reviews by the Secretariat and Accreditation Panel, approval by the Board, and an examination of legal arrangements. The applicant's fiduciary, ESS and gender standards are reviewed.

2b. The accreditation process is protracted and inefficient. For 95 entities as of March 2020, it took a median of 506 days from submission of application to approval by the Board.

2c. After approval by the Board, entities have to negotiate accreditation master agreements (AMAs) before they can receive GCF resources. Of the 95 entities approved for accreditation by the Board, **36 do not have effective AMAs**. The median time for AMAs effectiveness for 59 entities in March 2020 was 592 days.

2d. Several factors are responsible for the lengthy accreditation process, and these include: design of the accreditation process, implementation, AE capacities and legal negotiations.

2e. IAEs and DAEs face different kinds of challenges during accreditation. DAEs may not have the capacity to meet the demands of the process, while IAEs are not always able to change established standards and policies.

3. What is the portfolio of Accredited Entities (AEs)? Does accreditation build AE capacity and align an AE's portfolio with GCF priorities?

3a. The GCF Board has accredited 95 entities, with a wide range of DAEs and IAEs covering all GCF results areas and varying scope.

3b. The GCF project portfolio is skewed in favour of IAEs. **IAEs account for 86 per cent of GCF's committed USD portfolio**, although more than half (59 per cent) of the AEs are DAEs. Only 18 DAEs (of 56) have FPs with the GCF.

3c. Close to a fifth (19 per cent) of the AEs have not engaged in any stage of the project development process (including concept notes or FPs).

3d. There is currently no assessment of how well the project portfolios of AEs are aligned with the mandate and objectives of the GCF. There is no clear trend (negative or positive) in the climate finance portfolio of AEs assessed by the IEU. The process of accreditation does not assess or incentivize a shift in an AE's own portfolio.

3e. Although the Board has requested that

accreditation should build the capacities of AEs, (particularly the DAEs), this is **not incentivized**.

3f. The GCF does not directly define country ownership. While DAEs play an important role in direct access, they are not the only means to ensure a country-owned pipeline of GCF projects. The choice of nominated entities at the country level is not always determined in a strategic or country-wide perspective.

4. Is the proposed strategic view of accreditation for GCF-1 relevant and sufficient?

4a. The project specific assessment approach (PSAA) may complement institutional accreditation, but its **strategic view is unclear**. Currently, the PSAA does not address existing bottlenecks: English language-only communication, lengthy legal negotiations, lack of clarity in communications, slow responses, and limited capacities of AEs and GCF for project preparation and review, or the supply-driven nature of GCF's accreditation/ FP portfolio.

4b. AEs apply inconsistent methodologies when reporting about GCF results.

4c. The Updated Strategic Plan proposes to increase funding commitment to DAEs. According to projections by the IEU, even if GCF doubles the amount of resources being allocated to DAEs in GCF-1, **the share of DAEs will only be 25% of overall GCF resources.**

KEY RECOMMENDATIONS

Recommendations for the GCF Board

1. The GCF Board should **strengthen the governance structure** for accreditation by translating the TORs of the Accreditation Committee into practice.
2. The GCF Board needs to **strengthen the Accreditation Panel** and provide policy and strategic guidance to the Panel (as stated in the Terms of Reference).
3. The GCF Board should **develop a strategy on accreditation** that resolves its mission overload. Such a strategy must clarify how the accreditation functions fits within the overall GCF vision. It should also outline the primary and secondary outcomes of GCF's accreditation function.
4. The GCF Board should **re-examine the role of accreditation** within the GCF.

Recommendations for the GCF Secretariat

1. The GCF Secretariat needs to make the **accreditation process far more efficient** and establish standards for the turnaround and processing times and communicate them to the GCF partnership.
2. The GCF Secretariat should **examine institutional performance** in accreditation and re-accreditation



Monks walk through a deciduous forest in Himachal Pradesh, India ©Archi Rastogi

reviews and project results of AEs. Re-accreditation should include an assessment of the alignment of an AE's portfolio with the GCF mandate.

3. The GCF Secretariat should **assess and incentivize IAEs** for their contributions to building capacities of DAEs. These assessments should be based on clear, transparent and predictable criteria that are communicated to candidates.
4. The GCF Secretariat's selection of AEs and composition of the **AE portfolio should be based on an accreditation strategy** that indicates how these entities will help support the GCF's mandate.
5. The GCF Secretariat should **consider twinning of DAEs with experienced IAEs**. Pre-accreditation support, including readiness, for building capacities of candidate entities, should be strengthened.

This support will also reduce processing times and provide a strong overall suite of AEs. Post-accreditation support for DAEs is essential and needs to be strengthened as well.

6. The GCF Secretariat should **articulate the main aims of PSAA** and how it will fit into GCF's overall outcomes.
7. If the overall allocation to DAEs is to increase in GCF-1, the Secretariat should **clarify how this will be achieved**. Some steps to increase the funding portfolio of DAEs may include recruiting additional DAEs, increasing the scope of DAEs, prioritizing DAEs in the FP pipeline. It is essential to set a realistic target supported by an implementable plan.

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